PSAA client feedback survey on the 2023/24 audits

Introduction

Public Sector Audit Appointments (PSAA) surveys opted-in bodies as part of our contract monitoring arrangements to seek views from Directors of Finance and Audit Committee Chairs on their audit delivery experience, and to identify areas for improvement. This vital feedback also informs our discussions with the firms and other key stakeholders involved in local audit in England.

The independently conducted survey on the 2023/24 audits is the first delivered under the second appointing period. We are grateful to the Directors of Finance (47%) and Audit Committee Chairs (31%) who took the time to complete the survey (over 310). A total of 257 bodies responded out of a possible 409 (63%). The number of surveyed bodies is lower than the total number of opted-in bodies (461), as we sought a combined response from police and fire authorities with a shared finance function. There were also 39 bodies that had not received their audit opinion by 31 March 2025, and we surveyed these bodies separately.

The feedback provides views on the delivery of the 2023/24 opinions following the introduction of the 28 February 2025 backstop date. Alongside feedback on core aspects of audit delivery and topical audit-related issues, we sought views to support our discussions with firms on their delivery against aspects of their contracts.

Summary of main themes and results

There was positive feedback against previous years on an improved audit experience; the completion of audits by the target date; communications overall; audits delivered by new auditors including new entrants; timely reporting of significant weaknesses; and the auditor's performance at Audit Committee meetings.

Where concerns were raised these related to the need for improved communications on fee variations, fees and infrastructure assets; the shortage of experienced auditor resources; the levels of additional review and scrutiny that firms build into their processes on valuations and pensions; and a requirement for better planning and guidance from audit teams.

In response to the question about whether the audit service delivered 'aligns with the expectations set out in the audit plan', the number of respondents who said this met their expectations to a great or moderate extent has increased compared to the combined position for the first appointing period (see table below). Audit Committee Chairs remain more satisfied than Directors of Finance.

Role	Combined average % for first appointing period (excluding 2022/23*)	2023/24 (first year of second appointing period)
Directors of Finance	63%	85%
Audit Committee Chairs	77%	94%

**We did not issue a client survey in 2022/23 due to the significant local audit backlog in England. Percentages are based on combined responses of 'to a great extent' and 'moderate extent'.*

Additional comments received about the backlog solution emphasised the need to provide clarity on building back assurance whilst ensuring local audit offered value for money; the importance of a focus on future resources and training; and the impact of local government reorganisation on local audit.

Audit completion: 79% of Audit Committee Chairs and 72% of Directors of Finance reported receiving their 2023/24 audit opinions by the target date set out within the audit plan or the revised date provided by the auditor. This is an improvement against previous years, which could be a consequence of the introduction of the February 2025 backstop date for 2023/24 audits.

The main reasons cited for audits not being completed by a target date include: resourcing issues on the part of the audit firm; issues relating to the backstop arrangements; prior year delays; and resolving issues raised during the audit.

Communication and timely reporting of key issues: Effective and timely communication are key cornerstones of relationship management. This year's results show that this area has improved against previous performance:

- 82% of Directors of Finance and 91% of Audit Committee Chairs strongly or tended to agree that auditor communications were timely throughout the audit.
- Over 80% of the combined responses said their auditor identified significant weaknesses in a timely manner, where a weakness was reported.

Auditor's Annual Report and Value for Money (VfM) arrangements: We sought views on the usefulness of Auditor's Annual Reports and their VfM arrangements commentaries in line with the NAO's Code of Audit Practice requirements.

- 90% of Audit Committee Chairs and 78% of Directors of Finance reported that the Annual Report was very or fairly useful; only 4% had not received a report.
- 88% of Audit Committee Chairs and 75% of Directors of Finance shared that they found the VfM arrangements commentary very or fairly useful. Some respondents commented that early reporting is important for VfM arrangements judgements to be useful.

Committee meetings: Over nine out of ten Directors of Finance (91%) and Audit Committee Chairs (95%) were satisfied with the auditors' performance in Audit Committee meetings. This is an improvement against the overall average of 73% for the first appointing period. However, only 52% of Audit Committee Chairs reported that the auditor offered to meet at least once without officers being present.

Topical matters: most respondents (just over 80%) reported that they had received sufficient information on the proposals to tackle the backlog of delayed audit opinions to a great or moderate extent. The main source of information for all respondents was their auditor.

Firm specific questions and next steps

We will discuss the themes and areas of improvement indicated by the feedback with each firm. We will continue to raise the concerns expressed with key stakeholders in local audit to inform decisions made about the future of the local audit regime and to support ongoing improvements. In addition to publishing this report on our website, we will reference the report in our e-bulletin which we issue to all opted-in bodies, appointed firms, and key local audit stakeholders.

Bill Butler, PSAA's Chair, said:

"*The survey results are encouraging and show a noticeable improvement in our clients' audit experience. However, they also highlight the extent of the challenges that remain, such as resource constraints and improving auditor communications. We remain committed to listening and responding to stakeholder feedback, using these insights to help drive change as the overhaul of local audit progresses in line with the government's strategy.*"